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(N) is a range from one to the maximum number of IMAs established in any study area. For example, Digital Market Area Category IMA(1) contains IMA(1) digital transport service rate elements from all study areas.

- (ii) Non-Digital Market Area Category IMA(N) - contains rate elements in the transport access category associated with non-digital transport services from all IMA(N)s where (N) is a range from one to the maximum number of IMAs established in any study area. For example, Non-Digital Market Area Category IMA(1) contains IMA(1) non-digital transport service rate elements from all study areas.

- (2) One TMA market area category will be established for all TMA rate elements in the Transport access category.

(b) In the Switching access category:

- (1) IMA market area categories will be established as follows:

Market Area Category IMA(N) - contains rate elements assigned to the Switching access category from all IMA(N)s where (N) is a range from one to the maximum number of IMAs established in any study area. For example, Market Area Category IMA(1) contains IMA(1) switching rate elements from all study areas.

- (2) One TMA market area category will be established for all TMA rate elements assigned to the Switching access category.

(c) In the Other access category:

- (1) IMA market area categories will be established as follows:

Market Area Category IMA(N) - contains rate elements assigned to the Other access category from all IMA(N)s where (N) is a range from one to the maximum number of IMAs established in any study area. For example, Market Area Category IMA(1) contains IMA(1) other rate elements

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from all study areas.

- (2) One TMA market area category will be established for all TMA rate elements assigned to the Other access category.

**§ Y.305** Price management for non-price cap local exchange carriers which have adopted Optional Incentive Regulation (OIR) in accordance with § 61.41

- (a) In connection with any tariff filing proposing changes in the rates of market area categories, the carrier must calculate a Market Area Band Index (MABI) value for each affected market area category pursuant to the following methodology:

$$MABI_i = 100 \times (\sum v_i(p/p_{i-1}))$$

where

$MABI_i$  = the proposed MABI value,

$p_i$  = the proposed price for rate element "i",

$p_{i-1}$  = the base price for rate element "i" established in the most recent biennial filing,

$v_i$  = the current estimated revenue weight for rate element "i," calculated as the ratio of demand for rate element "i" from the most recent biennial filing priced at the base price, to the equivalent demand for the entire group of rate elements comprising the market area category priced at the base prices.

- (b) For each tariff filing proposing rate changes within IMA market area categories, other than a biennial filing, the proposed rates will be presumed reasonable if the local exchange carrier demonstrates that the resulting MABI does not exceed 110 or fall below 90.
- (c) For each tariff filing proposing rate changes within TMA market area categories, other than a biennial filing, the proposed rates will be presumed reasonable if the local exchange carrier demonstrates that the resulting MABI does not exceed 110 or fall below 80.

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- (d) Price changes for services offered in a CMA are not subject to banding limits.**
- (e) Price changes in an IMA or TMA cannot cause total revenue for an access category to exceed the revenue requirement for that category used in the most recent biennial filing, evaluated at the demand used in that filing.**
- (f) New services, other than those within the scope of paragraph (d) of this section, must be included in the market area categories, as appropriate, at the first biennial tariff filing following the effective date of the new service.**

**§ Y.306 Price management for local exchange carriers which have not adopted OIR**

- (a) Local exchange carriers which have not adopted OIR may choose one of the following methods for price management. This election may be made in an annual or biennial filing.**
  - (1) Such carriers may establish market area categories pursuant to § Y.304. Prices for these local exchange carriers are managed pursuant to § Y.305, with the following exceptions for local exchange carriers electing to file on an annual basis:**
    - (i) Such local exchange carriers shall utilize the annual filing data as the basis for index and revenue requirement calculations.**
    - (ii) For each tariff filing proposing rate changes within IMA market area categories, other than an annual filing, the proposed rates will be presumed reasonable if the local exchange carrier demonstrates that the resulting MAB does not exceed 105 or fall below 95.**
    - (iii) For each tariff filing proposing rate changes within TMA market area categories, other than an annual filing, the proposed rates will be presumed reasonable if the local exchange carrier demonstrates that the resulting MAB does not exceed 105 or fall below 90.**
  - (2) Alternatively, such local exchange carriers may choose not to establish market area categories. For these local exchange carriers, the following shall apply:**

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- (I) For tariff filings proposing IMA or TMA rate changes, other than annual or biennial filings, these local exchange carriers are allowed to increase individual rate elements by five percent each year and to decrease individual rate elements without limit.**
- (II) Tariff filings proposing CMA rate changes are not subject to banding limits.**
- (III) Price changes cannot cause total revenue for an access category to exceed the revenue requirement for that category used in the most recent annual or biennial filing, evaluated at the demand used in that filing.**

**§ Y.307 Initialization rules for non-price cap local exchange carriers**

**No later than [date], non-price cap local exchange carriers shall provide the grouping of access rate elements into the appropriate Transport, Switching, Public Policy and Other access categories. This submission shall also provide the re-assigned revenue requirement information consistent with the Transport, Switching, Public Policy and Other access categories. Local exchange carriers electing to establish market area categories shall provide the grouping of access rate elements into the appropriate market area categories.**

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**Subpart E - Assignment of Investment and Expense to Access Categories for Non-Price Cap Local Exchange Carriers**

**§ Y.401 Scope**

- (a) This subpart applies only to non-price cap local exchange carriers.
- (b) This subpart establishes rules for assignment of investment and expense for the development of an annual revenue requirement for the Transport, Switching, Public Policy and Other access categories.
- (c) This subpart also provides for the exclusion of investment and expense associated with interexchange and billing and collection from the access categories specified in (b).

**§ Y.402 General.<sup>9</sup>**

- (a) ~~For purposes of computing annual revenue requirements for access elements nNet investment and expenses as defined in § 69.2(z), shall be apportioned among the Transport, Switching, Public Policy and Other access categories, interexchange, category, the and billing and collection category and access elements as provided in this subpart. For purposes of this subpart, local transport includes five elements: entrance facilities, direct trunked transport, tandem switched transport, dedicated signalling transport, and the interconnection charge. Expenses shall be apportioned as provided in Subpart E of this Part.~~
- (b) The End User Common Line and Carrier Common Line elements shall be combined for purposes of this Subpart ~~and Subpart E of this Part~~. Those elements shall be described collectively as the ~~Common Line element~~ **Public Policy access category**. The ~~Common Line element~~ **Public Policy access category** revenue requirement shall be segregated in accordance with Part Z, Subpart D ~~F of this Part~~.

**§ Y.403 Net Investment.<sup>10</sup>**

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<sup>9</sup> Moved from 69.301

<sup>10</sup> Moved from 69.302

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- (a) Investment in Accounts 2001, 1220 and Class B Rural Telephone Bank Stock booked in Account 1402 ~~shall be apportioned among the Transport, Switching and Public Policy access categories, the interexchange category, and billing and collection, category appropriate access elements as provided in § 69.303 Y.404 through § 69.309 Y.410.~~
- (b) Investment in Accounts 2002, 2003 and to the extent such inclusions are allowed by this Commission, Account 2005 shall be apportioned on the basis of the total investment in Account 2001, Telecommunications Plant in Service.

**§ Y.404 Information origination/termination equipment (IOT).<sup>11</sup>**

- (a) Investment in public telephone and appurtenances shall be assigned to the Common Line element, ~~if capable of use with the services of more than one interexchange carrier, or the Limited Pay Telephone element, if capable of use with the services of only one interexchange carrier.~~
- (b) Investment in all other IOT shall be apportioned between the Transport and Public Policy access category ~~Special Access and Common Line elements~~ on the basis of the relative number of equivalent lines in use, as provided herein. **Such investment shall be apportioned to the Public Policy access category based on the number of equivalent interstate local exchange subscriber lines in use. Such investment shall be apportioned to the Transport access category based on the number of equivalent interstate Special Access Lines in use. Each interstate or foreign Special Access Line, excluding lines designated in § 69.115(e)-Z.107(f), shall be counted as one or more equivalent lines where channels are of higher than voice bandwidth, and the number of equivalent lines shall equal the number of voice capacity analog or digital channels to which the higher capacity is equivalent. Local exchange subscriber lines shall be multiplied by the interstate Subscriber Plant Factor to determine the number of equivalent local exchange subscriber lines.**

**§ Y.405 Subscriber line cable and wire facilities.<sup>12</sup>**

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<sup>11</sup> Moved from 69.303

<sup>12</sup> Moved from 69.304

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- (a) Investment in local exchange subscriber lines shall be assigned to the Public Policy access category Common-Line element.
- (b) Investment in interstate and foreign private lines and interstate WATS access lines shall be assigned to the Transport access category Special Access element.
- (c) Investment in lines terminating in public telephones which may only access the services of one interexchange carrier (or partnership) shall be assigned to the Limited Pay Telephone element. Investment in all other lines terminating in public telephones shall be assigned to the Public Policy access category Common-Line element.

**§ Y.406 Carrier cable and wire facilities (C&WF).<sup>13</sup>**

- (a) Carrier C&WF that is not used for "origination" or "termination" as defined in § 69.2(bb) and § 69.2(cc) shall be assigned to the interexchange category.
- (b) Carrier C&WF that is other than WATS access lines, not assigned pursuant to paragraphs (a) or (c) of this Section that is used for interexchange services that use switching facilities for origination and termination that are also used for local exchange telephone service shall be assigned apportioned to the Transport access category elements.
- (c) ~~Carrier C&WF that is used to provide transmission between the local exchange carrier's signalling transfer point and the database shall be assigned to the Line Information Database sub-element at § 69.120(a).~~
- (d) ~~All Carrier C&WF that is not apportioned pursuant to paragraphs (a), (b), and (c) of this Section shall be assigned to the Special Access element.~~

**§ Y.407 Central office equipment (COE).<sup>14</sup>**

- (a) The Separations Manual categories shall be used for purposes of apportioning investment in such equipment except that any central office

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<sup>13</sup> Moved from 69.305

<sup>14</sup> Moved from 69.306

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~~equipment attributable to local transport shall be assigned to the Transport elements.~~

- (b) COE Category 1 (Operator Systems Equipment) shall be apportioned among the Transport and ~~Switching access categories, the—~~ and interexchange category and ~~the access elements~~ as follows: Category 1 that is used for intercept services and directory assistance shall be assigned to the ~~Switching access category. Local Switching element. Category 1 that is used for directory assistance shall be assigned to the Information element.~~ Category 1 other than service observation boards, intercept and directory assistance shall be assigned to interexchange. ~~that is not assigned to the Information element and is not used for intercept services shall be assigned to the and interexchange category.~~ Service observation boards shall be apportioned among the Transport and ~~Switching access categories and interexchange category, and the Information and Transport access elements~~ based on the remaining combined investment in COE Category 1, Category 2 and Category 3.
- (c) COE Category 2 (Tandem Switching Equipment) that is deemed to be exchange equipment for purposes of the Modification of Final Judgment in United States v Western Electric Co. shall be assigned to the ~~Switching access category tandem switching charge subelement and the interconnection charge element. COE Category 2 which is used to provide transmission facilities between the local exchange carrier's signalling transfer point and the database shall be assigned to the Line Information Database at § 69.120(a).~~ All other COE Category 2 shall be assigned to the interexchange category.
- (d) COE Category 3 (Local Switching Equipment) shall be assigned to the ~~Switching access category. Local Switching element except as provided in paragraph (e) of this Section.~~
- (e) COE Category 4 (Circuit Equipment) shall be apportioned among the Transport and Public Policy access category, and interexchange category ~~and the Common Line, Limited Pay Telephone, Transport, and Special Access elements. COE Category 4 shall be apportioned in the same proportions manner as the associated Cable and Wire Facilities.~~

**§ Y.408 General support facilities.<sup>15</sup>**

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<sup>15</sup> Moved from 69.307



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- (a) General purpose computer investment used in the provision of the Line Information Database ~~sub-element at Section § 69.120(b)~~ service shall be assigned to the Switching access category ~~that sub-element~~.
- (b) All other General Support Facilities investments shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange ~~category, the and billing and collection category and Common Line, Limited Pay Telephone, Local Switching, Information, Transport, and Special Access elements~~ on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.

**§ Y.409 Equal access equipment.<sup>16</sup>**

- (a) Equal access investment shall be assigned to the Local Switching access ~~category. element unless the telephone company chooses to implement a separate Equal Access element as provided in § 69.4(d) in which case Equal Access investment shall be assigned to the Equal Access element.~~

**§ Y.410 Other investment.<sup>17</sup>**

Investment that is not apportioned pursuant to §§ ~~69.302~~ Y.403 through ~~69.308~~ Y.409 shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange ~~category, the and billing and collection category,~~ and access elements in the same proportions as the combined investment that is apportioned pursuant to §§ ~~69.303~~ Y.403 through ~~69.308~~ Y.409.

**§ Y.411 Capital leases.<sup>18</sup>**

Capital Leases in Account 2680 shall be directly assigned to the appropriate Transport, Switching and Public Policy access categories, interexchange, ~~the and billing and collection category or access elements~~ consistent with the treatment prescribed for similar plant costs or shall be apportioned in the same manner

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<sup>16</sup> Moved from 69.308

<sup>17</sup> Moved from 69.309

<sup>18</sup> Moved from 69.310

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**proportion as Account 2001, less Capital Leases in Account 2680**

**§ Y.412 Direct expenses.<sup>19</sup>**

- (a) **Plant Specific Operations Expenses in Accounts 6110 and 6120 shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange category, the and billing and collection category and appropriate access elements on the following basis:**
  - (1) **Account 6110 - Apportion on the basis of other investment apportioned pursuant to § 69.309 Y.410.**
  - (2) **Account 6120 - Apportion on the basis of General and Support Facilities investment pursuant to § 69.307 Y.408.**
- (b) **Plant Specific Operations Expenses in Accounts 6210, 6220 and 6230, shall be apportioned among the Transport, Switching and Public Policy access categories and interexchange category and access elements on the basis of the apportionment of the total COE investment.**
- (c) **Plant Specific Operations Expenses in Accounts 6310 and 6410 shall be assigned to the appropriate investment category and shall be apportioned among the Transport, Switching and Public Policy access categories and interexchange category and access elements in the same proportions as the total associated investment.**
- (d) **Plant Non Specific Operations Expenses in Accounts 6510 and 6530 shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange and category, the billing and collection category, and access elements in the same proportions as the combined investment in COE, IOT, and C&WF apportioned to each element and category.**
- (e) **Plant Non Specific Operations Expenses in Account 6540 shall be assigned to the interexchange category.**
- (f) **Plant Non Specific Operations Expenses in Account 6560 shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange category, the and billing and collection category, and access elements in the same proportion as the associated investment.**

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<sup>19</sup> Moved from 69.401

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- (g) Amortization of embedded customer premises wiring investment shall be deemed to be associated with ~~§ 69.303~~ Y.404(b) IOT investment for purposes of the apportionment described in paragraph (c) of this Section.

**§ Y.413 Operating taxes (Account 7200).<sup>20</sup>**

- (a) Federal income taxes, state and local income taxes, and state and local gross receipts or gross earnings taxes that are collected in lieu of a corporate income tax shall be apportioned among the ~~Transport, Switching and Public Policy access categories, interexchange category, the and billing and collection category and all access elements~~ based on the approximate net taxable income on which the tax is levied (positive or negative) applicable to each element and category.
- (b) All other operating taxes shall be apportioned among the ~~Transport, Switching and Public Policy access categories, interexchange category, the and billing and collection category and all access elements~~ in the same manner as the investment that is apportioned to each element and category pursuant to ~~§ 69.309~~ Y.410 Other Investment.

**§ Y.414 Marketing expense (Account 6610).<sup>21</sup>**

Marketing expense shall be apportioned among the ~~Transport, Switching and Public Policy access categories, and interexchange category and all access elements~~ in the same proportions as the combined investment that is apportioned pursuant to ~~§ 69.309~~ Y.410.

**§ Y.415 Telephone operator services expenses in Account 6620.<sup>22</sup>**

Telephone Operator Services expenses shall be apportioned among the ~~Switching access category and interexchange category, and the Local Switching and Information elements~~ based on the relative number of weighted standard work seconds. For those companies who contract with another company for the

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<sup>20</sup> Moved from 69.402

<sup>21</sup> Moved from 69.403

<sup>22</sup> Moved from 69.404

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provision of these services, the expenses incurred shall be directly assigned among the ~~Switching access category and interexchange category and the local switching and information elements~~ on the basis of the bill rendered for the services provided.

**§ Y.416 Published directory expenses in Account 6620.<sup>23</sup>**

Published Directory expenses shall be assigned to the ~~Switching access category information element~~.

**§ Y.417 Local business office expenses in Account 6620.<sup>24</sup>**

(a) Local business office expense shall be assigned as follows:

- (1) End user service order processing expenses attributable to presubscription shall be apportioned among the ~~Transport, Switching and Public Policy access categories Common Line Switching, and Transport elements~~ in the same proportion as the investment apportioned to those elements pursuant to § ~~69.309~~ Y.410.
- (2) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate private line and special access service shall be assigned to the ~~Transport access category Special Access element~~.
- (3) End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate private line service offered by an interexchange carrier shall be assigned to the ~~billing and collection category~~.
- (4) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate message toll service shall be assigned to the ~~interexchange category~~.
- (5) End user service order processing, payment and collection, and

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<sup>23</sup> Moved from 69.405

<sup>24</sup> Moved from 69.406

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**billing inquiry expenses attributable to interstate message toll service offered by an interexchange carrier shall be assigned to the billing and collection category.**

- (6) End user payment and collection and billing inquiry expenses attributable to End User Common Line access billing shall be assigned to the Public Policy access category Common Line element.**
- (7)(5) End user service order processing, payment and collection, and billing inquiry expenses attributable to TWX service shall be assigned to the Transport access category Special Access element.**
- (8)(6) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to private lines and special access shall be assigned to the Special Access element Transport access category.**
- (9)(7) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to interstate switched access and message toll, shall be apportioned among the Transport, Switching and Public Policy access categories Common Line, Local Switching and Transport elements in the same proportion as the investment apportioned to these elements pursuant to § 60.309 Y.410.**
- (10)(8) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to billing and collection service shall be assigned to the billing and collection category.**
- (11)(9) Coin collection and administration expenses shall be divided between limited and non-limited public telephones. Coin collection and administration expenses attributable to limited public telephones shall be assigned to the Limited Pay Telephone element. Coin collection and administration expenses attributable to non-limited public telephone shall be assigned to the Public Policy access category Common Line element.**

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**§ Y.418 Revenue accounting expenses in Account 6620.<sup>25</sup>**

- (a) Revenue accounting expenses that are attributable to End User Common Line access billings shall be assigned to the Public Policy access category ~~Common Line element~~.
- (b) Revenue Accounting Expenses that are attributable to ~~carrier's carrier~~ access billing and collecting expense, other than that identified in (a), shall be apportioned among the Transport and Switching access categories ~~all carrier's carrier access elements except the Common Line element~~. Such ~~expenses shall be apportioned~~ in the same proportion as the combined investment in COE, C&WF and IOT apportioned to those categories elements.
- (c) All other Revenue Accounting Expenses shall be assigned to the billing and collection category.

**§ Y.419 All other customer services expense in Account 6620.<sup>26</sup>**

All other customer services expenses shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange category, ~~the~~ and billing and collection category ~~and all access elements~~ in the same proportions as ~~the~~ ~~based on the~~ combined expenses in § 69.404 Y.415 through § 69.407 Y.418.

**§ Y.420 Corporate operations expenses (Accounts 6710 and 6720).<sup>27</sup>**

All Corporate Operations Expenses shall be apportioned among the Transport, Switching and Public Policy access categories, interexchange category, ~~the~~ and billing and collection category ~~and all access elements~~ in accordance with the Big 3 Expense Factor ~~as defined in § 69.2(f)~~.

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<sup>25</sup> Moved from 69.407

<sup>26</sup> Moved from 69.408

<sup>27</sup> Moved from 69.409

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**§ Y.421 Equal access expenses.<sup>28</sup>**

Equal Access expenses shall be assigned to the **Switching access category**. ~~Local Switching element unless the telephone company chooses to implement a separate Equal Access element as provided in § 69.4 (d) in which case Equal Access expenses shall be assigned to the Equal Access element.~~

**§ Y.422 Other expense.<sup>29</sup>**

Except as provided in §§ ~~69.412, 69.413, and 69.414~~ Y.423, Z.102, and Z.103, expenses that are not apportioned pursuant to §§ ~~69.401~~ Y.412 through ~~69.410~~ Y.421 shall be apportioned among the **Transport, Switching and Public Policy access categories**, and ~~interexchange category and all access elements~~ in the same proportions as the combined investment that is apportioned pursuant to ~~manner as § 69.309~~ Y.410 Other investment.

**§ Y.423 Non participating company payments/receipts.<sup>30</sup>**

~~For telephone companies local exchange carriers that are not association Common Line tariff participants, the payment or receipt of funds described in § 69.612(a) through § 69.612(b) Z.100 shall be apportioned, respectively, as an addition to or a deduction from their common-line Public Policy access category revenue requirement.~~

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<sup>28</sup> Moved from 69.410

<sup>29</sup> Moved from 69.411

<sup>30</sup> Moved from 69.412

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**Subpart F - Assignment of Investment and Expense to the EUCL element for Price Cap Local Exchange Carriers**

**§ Y.501 Scope**

- (a) This subpart applies only to local exchange carriers subject to price cap regulations.
- (b) This subpart establishes the rules for assignment of investment and expense to the End User Common Line (EUCL) element within the public policy basket. This assignment of investment and expense is utilized to develop the Base Factor Portion (BFP) for the establishment of the EUCL charge pursuant to § Z.105.

**§ Y.502 General.<sup>31</sup>**

- (a) For purposes of computing an annual revenue requirements for access elements the EUCL element, net investment and expenses as defined in § 69.2(a) shall be apportioned among the interexchange category, the billing and collection category and access elements as provided in this subpart. ~~For purposes of this subpart, local transport includes five elements: entrance facilities, direct trunked transport, tandem-switched transport, dedicated signalling transport, and the interconnection charge. Expenses shall be apportioned as provided in Subpart E of this Part.~~
- (b) ~~The End User Common Line and Carrier Common Line elements shall be combined for purposes of this Subpart and Subpart E of this Part. These elements shall be described collectively as the Common Line element. The Common Line element revenue requirement shall be segregated in accordance with Subpart F of this Part.~~

**§ Y.503 Net Investment.<sup>32</sup>**

- (a) Investment in Accounts 2001, 1220 and Class B Rural Telephone Bank Stock booked in Account 1402 shall be apportioned among the to the EUCL

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<sup>31</sup> Moved from 69.301

<sup>32</sup> Moved from 69.302



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~~element interexchange category, billing and collection category and appropriate access elements as provided in § 69.303 Y.504 through § 69.309 Y.508.~~

- (b) Investment in Accounts 2002, 2003 and to the extent such inclusions are allowed by this Commission, Account 2005 shall be apportioned to the EUCL element in the same proportion as on the basis of the total investment in Account 2001, Telecommunications Plant in Service.

**§ Y.504 Information origination/termination equipment (IOT).<sup>33</sup>**

- ~~(a) Investment in public telephone and appurtenances shall be assigned to the Common Line element, if capable of use with the services of more than one interexchange carrier, or the Limited Pay Telephone element, if capable of use with the services of only one interexchange carrier.~~
- (ba) Investment in all other IOT other than public telephone, CPE investment or surrogate CPE investment, and customer premise wiring shall be apportioned between the to the EUCL element Special Access and Common Line elements on the basis of the relative number of equivalent lines in use, as provided herein. Such investment shall be apportioned to the EUCL element based on the applicable number of equivalent interstate local exchange subscriber lines in use. Each interstate or foreign Special Access Line, excluding lines designated in § 69.115(e) Z.107(f), shall be counted as one or more equivalent lines where channels are of higher than voice bandwidth, and the number of equivalent lines shall equal the number of voice capacity analog or digital channels to which the higher capacity is equivalent. Local exchange subscriber lines shall be multiplied by the interstate Subscriber Plant Factor to determine the number of equivalent local exchange subscriber lines.

**§ Y.505 Subscriber line cable and wire facilities.<sup>34</sup>**

- (a) Investment in local exchange subscriber lines, excluding lines for public telephones, interstate and foreign private lines and interstate WATS access lines, shall be assigned to the EUCL element Common Line element.

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<sup>33</sup> Moved from 69.303

<sup>34</sup> Moved from 69.304

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- ~~(b) Investment in interstate and foreign private lines and interstate WATS access lines shall be assigned to the Special Access element.~~
- ~~(c) Investment in lines terminating in public telephones which may only access the services of one interexchange carrier (or partnership) shall be assigned to the Limited Pay Telephone element. Investment in all other lines terminating in public telephones shall be assigned to the Common Line element.~~

**§ Y.506 Central office equipment (COE).<sup>35</sup>**

- ~~(a) The Separations Manual categories shall be used for purposes of apportioning investment in such equipment except that any central office equipment attributable to local transport shall be assigned to the Transport elements.~~
- ~~(b) COE Category 1 (Operator Systems Equipment) shall be apportioned among the interexchange category and the access elements as follows: Category 1 that is used for intercept services shall be assigned to the Local Switching element. Category 1 that is used for directory assistance shall be assigned to the Information element. Category 1 other than service observation boards that is not assigned to the Information element and is not used for intercept services shall be assigned to the interexchange category. Service observation boards shall be apportioned among the interexchange category, and the Information and Transport access elements based on the remaining combined investment in COE Category 1, Category 2 and Category 3.~~
- ~~(c) COE Category 2 (Tandem Switching Equipment) that is deemed to be exchange equipment for purposes of the Modification of Final Judgment in United States v Western Electric Co. shall be assigned to the tandem switching charge subelement and the interconnection charge element. COE Category 2 which is used to provide transmission facilities between the local exchange carrier's signalling transfer point and the database shall be assigned to the Line Information Database at § 69.120(a). All other COE Category 2 shall be assigned to the interexchange category.~~
- ~~(d) COE Category 3 (Local Switching Equipment) shall be assigned to the Local Switching element except as provided in paragraph (a) of this~~

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<sup>35</sup> Moved from 69.306

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**Section.**

- (eb)—COE Category 4.13 (Exchange Line Circuit Equipment, Excluding Wideband), ~~excluding circuit equipment for public telephones, interstate and foreign private lines and interstate WATS access lines shall be apportioned among the assigned to the EUCL element interexchange category and the Common Line, Limited Pay Telephone, Transport, and Special Access elements. COE Category 4 shall be apportioned in the same proportions as the associated Subscriber Line Cable and Wire Facilities.~~

**§ Y.507 General support facilities.<sup>36</sup>**

- (a)—~~General purpose computer investment used in the provision of the Line Information Database sub-element at Section § 69.120(b) shall be assigned to that sub-element.~~
- (ba) All other General Support Facilities investments, except general purpose computer investment used in the provision of Line Information Database shall be apportioned ~~among the interexchange category, the billing and collection category, to the EUCL element in the same proportion as the investment in and Common Line, Limited Pay Telephone, Local Switching, Information, Transport, and Special Access elements on the basis of Central Office Equipment, Information Origination/Termination Equipment, and Cable and Wire Facilities, combined.~~

**§ Y.508 Other investment.<sup>37</sup>**

Investment that is not apportioned pursuant to §§ ~~69.302~~ Y.503 through ~~69.308~~ Y.507 shall be apportioned ~~among the interexchange category, the billing and collection category to the EUCL element and access elements~~ in the same proportions as the combined investment that is apportioned pursuant to §§ ~~69.303~~ Y.504 through ~~69.308~~ Y.507

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<sup>36</sup> Moved from 69.307

<sup>37</sup> Moved from 69.309

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**§ Y.509 Capital leases.<sup>38</sup>**

Capital Leases in Account 2680 shall be directly assigned to the appropriate interexchange ~~EUCL element category or access elements~~ consistent with the treatment prescribed for similar plant costs or shall be apportioned to the EUCL element in the same proportion as the investment in the same manner as Account 2001, less Capital Leases in Account 2680.

**§ Y.510 Direct expenses.<sup>39</sup>**

- (a) Plant Specific Operations Expenses in Accounts 6110 and 6120 shall be apportioned ~~among the to the EUCL element interexchange category, the billing and collection category and appropriate access elements~~ on the following basis:
  - (1) Account 6110 - Apportion ~~in the same proportion as the on the basis~~ of other investment apportioned pursuant to § ~~69.309~~ Y.508.
  - (2) Account 6120 - Apportion ~~in the same proportion as the on the basis~~ of General and Support Facilities investment pursuant to § ~~69.307~~ Y.507.
- (b) Plant Specific Operations Expenses in Accounts 6210, 6220 and 6230, shall be apportioned ~~among the to the EUCL element interexchange category and access elements on the basis of the apportionment of~~ in the same proportion as the total COE investment.
- (c) Plant Specific Operations Expenses in Accounts 6310 and 6410 shall be assigned to the appropriate investment category and shall be apportioned ~~among the interexchange category and access elements to the EUCL element~~ in the same proportions as the total associated investment.
- (d) Plant Non Specific Operations Expenses in Accounts 6510 and 6530 shall be apportioned ~~among the to the EUCL element interexchange category, the billing and collection category, and access elements~~ in the same proportions as the combined investment in COE, IOT, and C&WF ~~apportioned to each element and category.~~

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<sup>38</sup> Moved from 69.310

<sup>39</sup> Moved from 69.401

**Proposed Part Y Rules**

- (e) No Plant Non Specific Operations Expenses in Account 6540 shall be assigned to the ~~interexchange category~~ **EUCL element**.
- (f) Plant Non Specific Operations Expenses in Account 6560 shall be apportioned ~~among the to the EUCL element interexchange category, the billing and collection category, and access elements~~ in the same proportion as the associated investment.
- (g) Amortization of embedded customer premises wiring investment shall be deemed to be associated with ~~§ 69.303(b)~~ **Y.504** IOT investment for purposes of the apportionment described in paragraph (c) of this Section.

**§ Y.511 Operating taxes (Account 7200).<sup>40</sup>**

- (a) Federal income taxes, state and local income taxes, and state and local gross receipts or gross earnings taxes that are collected in lieu of a corporate income tax shall be apportioned ~~among the to the EUCL element interexchange category, the billing and collection category and all access elements~~ based on the approximate net taxable income on which the tax is levied (positive or negative) applicable to ~~each element and the EUCL element category~~.
- (b) All other operating taxes shall be apportioned ~~among the to the EUCL element interexchange category, the billing and collection category and all access elements~~ in the same manner proportion as the investment that is apportioned to ~~each element and the EUCL element category~~ pursuant to ~~§ 69.309~~ **Y.508** Other Investment.

**§ Y.512 Marketing expense (Account 6610).<sup>41</sup>**

Marketing expense shall be apportioned ~~among the to the EUCL element interexchange category and all access elements~~ in the same proportions as the combined investment that is apportioned pursuant to ~~§ 69.309~~ **Y.508**.

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<sup>40</sup> Moved from 69.402

<sup>41</sup> Moved from 69.403

**Proposed Part Y Rules**

**§ Y.513 Local business office expenses in Account 6620.<sup>42</sup>**

- (a) **Only the Local business office expense identified below shall be assigned or apportioned to the EUCL element. ~~shall be assigned as follows:~~**
- (1) End user service order processing expenses attributable to presubscription shall be apportioned among the to the EUCL element Common Line, Switching, and Transport elements in the same proportion as the investment apportioned to those elements the EUCL element pursuant to § 69.309 Y.508.**
  - ~~(2) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate private line and special access service shall be assigned to the Special Access element.~~**
  - ~~(3) End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate private line service offered by an interexchange carrier shall be assigned to the billing and collection category.~~**
  - ~~(2)(4) End user service order processing, payment and collection, and billing inquiry expenses attributable to the company's own interstate message toll service shall be assigned to the interexchange category. End user service order processing, payment and collection, and billing inquiry expenses attributable to interstate message toll service offered by an interexchange carrier shall be assigned to the billing and collection category. End user payment and collection and billing inquiry expenses attributable to End User Common Line access billing shall be assigned to the EUCL element.~~**
  - ~~(5) End user service order processing, payment and collection, and billing inquiry expenses attributable to TWX service shall be assigned to the Special Access element.~~**
  - ~~(6) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to private lines and special access shall be assigned to the Special Access element.~~**
  - ~~(7)(3) Interexchange carrier service order processing, payment and~~**

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<sup>42</sup> Moved from 69.406

**Proposed Part Y Rules**

collection, and billing inquiry expenses attributable to interstate switched access and message toll, shall be apportioned among the to the EUCL element Common Line, Local Switching and Transport elements in the same proportion as the investment apportioned to these elements pursuant to § 69.309 Y.508.

- ~~(8) Interexchange carrier service order processing, payment and collection, and billing inquiry expenses attributable to billing and collection service shall be assigned to the billing and collection category.~~
- ~~(9) Coin collection and administration expenses shall be divided between limited and non-limited public telephones. Coin collection and administration expenses attributable to limited public telephones shall be assigned to the Limited Pay Telephone element. Coin collection and administration expenses attributable to non-limited public telephone shall be assigned to the Common Line element.~~

**§ Y.514 Revenue accounting expenses in Account 6620.<sup>43</sup>**

- (a) Only Revenue accounting expenses that are attributable to End User Common Line access billings shall be assigned to the EUCL element Common Line element.
- ~~(b) Revenue Accounting Expenses that are attributable to carrier's carrier access billing and collecting expense shall be apportioned among all carrier's carrier access elements except the Common Line element. Such expenses shall be apportioned in the same proportion as the combined investment in COE, C&WF and IOT apportioned to those elements.~~
- ~~(c) All other Revenue Accounting Expenses shall be assigned to the billing and collection category.~~

**§ Y.515 All other customer services expense in Account 6620.<sup>44</sup>**

All other customer services expenses shall be apportioned among the to the EUCL

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<sup>43</sup> Moved from 69.407

<sup>44</sup> Moved from 69.408

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~~element interexchange category, the billing and collection category and all access elements in the same proportion as the based on the combined expenses in § 69.404 Y.513 through § 69.407 and Y.514.~~

**§ Y.516 Corporate operations expenses (Accounts 6710 and 6720).<sup>45</sup>**

All Corporate Operations Expenses shall be apportioned ~~among the~~ to the EUCL ~~element interexchange category, the billing and collection category and all access elements~~ in accordance with the Big 3 Expense Factor as ~~defined in § 69.2(f).~~

**§ Y.517 Other expense.<sup>46</sup>**

Except as provided in §§ 69.412, 69.413, and 69.414 Y.518, Y.519, and Y.520, expenses that are not apportioned pursuant to §§ ~~69.404 Y.510 through 69.410 Y.516~~ shall be apportioned ~~among the~~ to the EUCL ~~element interexchange category and all access elements~~ in the same proportion as the combined investment that is apportioned pursuant to ~~manner as § 69.309 Y.508~~ Other investment.

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<sup>45</sup> Moved from 69.409

<sup>46</sup> Moved from 69.411



**CODE OF FEDERAL REGULATIONS**

**TITLE 47 - TELECOMMUNICATIONS**

**CHAPTER 1**

**FEDERAL COMMUNICATIONS COMMISSION**

**PART Z - PUBLIC POLICY**

**REPORTS OF COMMUNICATION COMMON CARRIERS  
AND CERTAIN AFFILIATES**

**USTA PROPOSED REVISIONS**